



OHIO LEGISLATIVE SERVICE COMMISSION

Bill Analysis

Sam Benham and Carol Napp

H.B. 102

132nd General Assembly
(As Introduced)

Rep. Brenner

BILL SUMMARY

I. Contingent effect of the bill's provisions

- Specifies that the bill's provisions described below take effect only if voters approve both of the following at the 2019 general election:
 - A constitutional amendment authorizing the state to issue obligations to refund outstanding bond debt of school districts. (H.J.R. 3 of the 132nd General Assembly proposes such an amendment.)
 - A statewide ballot issue that would levy a state property tax beginning in tax year 2020 to fund primary and secondary education and simultaneously prohibit the levy of local school district property taxes, including unvoted "inside" millage.

II. Tax provisions

Property tax

- Creates the State Education Fund to receive proceeds of the state property tax to exclusively fund state education aid formula payments.
- Requires state property tax to be paid for any property receiving certain economic development-related tax exemptions (e.g., tax increment financing or "TIF," community reinvestment areas, and enterprise zones).

* Corrects the references to the formula amount and to the percentage of the formula amount for a student attending an Internet- or computer-based community school (e-school).

- Removes the authority of school boards to formally challenge property tax values and to participate in property tax exemption application proceedings.

Sales tax

- Increases, beginning in 2021, the state sales and use tax rate from 5.75% to 7.35%, and directs the share of sales and use tax revenue attributable to that increase to the State Education Fund.

State Education Fund GRF transfers

- Requires General Revenue Fund (GRF) transfers to support state education aid formula obligations not backed by the proceeds of the state property tax, increased sales tax, or lottery profits.

School district bond redemption

- Requires the Treasurer of State to issue general obligation bonds, maturing over 20 years, to refund any school district bond debt outstanding as of the date of the 2019 general election.

School district income tax

- Prohibits imposition of school district income taxes for taxable years beginning after 2019.

Tax-related school district payments

- Discontinues tax-related payments to school districts, such as TIF payments and reimbursements for tax losses arising from the phase-out of general business tangible personal property and public utility deregulation.

III. Education provisions

School financing

- Creates a new system of funding schools, effective January 1, 2021, where the state pays a specified amount per student that each student may use to attend the public or chartered nonpublic school of the student's choice, without the requirement of a local contribution.
- Specifies that the amount per student is equal to the formula amount (initially \$8,720) or 70% of the formula amount for a student attending an Internet- or computer-based community school (e-school), a specified amount for gifted identification, and categorical funding based on whether the student is economically

disadvantaged, in grades K-3, or a special education or limited English proficient student.

- Specifies that each public school and chartered nonpublic school also receives a graduation bonus, third-grade reading proficiency bonus, gifted unit funding, and categorical funding based on whether the student is enrolled in a career-technical education program offered by the school.

School options

- Eliminates interdistrict open enrollment, all state scholarship programs, and state funding programs for chartered nonpublic schools on the first day of the school year following the implementation of the new funding system (July 1, 2021), and instead permits each student to attend any public or chartered nonpublic school and requires payment of the amount computed for that student (as described above) to the school of the student's choice.

Student transportation

- Requires educational service centers to transport students on a countywide basis and provides transportation funding to service centers rather than school districts.

Admission to school districts

- Requires a school district to maintain the necessary capacity to admit resident students, and permits a school district to admit students who are residents of other districts.
- Requires a school district to give first priority for admission to students who are residents of the district before admitting students who are residents of other districts.

State achievement assessments

- Beginning July 1, 2021, requires all chartered nonpublic school students to take all state assessments that are required for public school students under current law.

School facilities projects

- Abolishes the Ohio School Facilities Commission (SFC), and transfers its powers, duties, and staff, with respect to in-progress, state-funded school building projects, to the Ohio Facilities Construction Commission.
- Prohibits any additional school building projects from being approved for state funding effective January 1, 2021.



Management of school districts

- Permits school districts to enter into memoranda of understanding for one district to manage another.

HISTORY

ACTION	DATE
Introduced	03-01-17

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